

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral

BILL NUMBER: AB 2184
AUTHOR: Hall, Isadore

BILL SUMMARY: Alcoholic beverages: tied-house restrictions.

Existing law establishes the "tied-house" law or "three-tier" system of Alcoholic Beverage Control (ABC) to separate the alcoholic beverage industry into three component parts of manufacturer (first tier), wholesaler (second tier), and retailer (third tier). The purpose of this law is to promote the state's interest in an orderly market, prohibit the vertical integration and dominance by a single producer, prohibit commercial bribery, protect the public from predatory marketing practices, and to discourage/prevent the intemperate use of alcoholic beverages. The tied-house law:

- Prohibits an alcohol manufacturer, wholesaler, or any officer, director, or agent of any such person from owning, directly or indirectly, any interest in any off-sale license, or from providing anything of value to retailers.
- Prohibits a licensee from giving any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage except as provided by rules adopted by ABC.
- Allows consumer advertising specialties promoting distilled spirits (hats, posters, bottle openers, etc.) to be valued at no more than \$5 per unit original cost to the supplier.

This bill would create a further exception to the tied-house law to allow a person who holds an ownership interest in a brand of distilled spirits to autograph bottles of that distilled spirits brand at an event held by a distilled spirits manufacturer, distributor, or retailer at an off-sale retail licensed premises. The autograph would not then be considered a "thing of value" or gift in the context of the tied-house law.

FISCAL SUMMARY

Finance concurs with ABC estimates that ABC costs arising from this bill would be minor and absorbable.

COMMENTS

Finance notes this bill concerns a policy matter on which we are neutral, and would result in no state costs.

	SO	(Fiscal Impact by Fiscal Year)					
Code/Department	LA	(Dollars in Thousands)					
Agency or Revenue	CO	PROP					Fund
Type	RV	98	FC	2011-2012 FC	2012-2013 FC	2013-2014	Code
2100/Alcohol Bev	SO	No		-----	No/Minor Fiscal Impact	-----	3036
<u>Fund Code</u>	<u>Title</u>						
3036	Alcohol Beverages Control Fund						

Analyst/Principal (0762) C.Hill	Date	Program Budget Manager Mark Hill	Date
Department Deputy Director	Date		
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)